

ANNEX 02 - Terms of Reference (TOR) for a FIRM

Assessment of the current status of Renewable Energy Manufacturing Industry in the Philippines

PROJECT: Development of Renewable Energy Applications for Market Mainstreaming and Sustainability (DREAMS)

A. BACKGROUND INFORMATION AND RATIONALE AND PROJECT DESCRIPTION

1. Project Background: Goals and Outcome

Development of Renewable Energy Applications for Market Mainstreaming and Sustainability (DREAMS) is a 5-year project (2017-2022) funded by the Global Environment Facility (GEF), with the UNDP as the Implementing Agency. The Department of Energy, through the Renewable Energy Management Bureau (REMB) serves as the Implementing Partner. The project seeks to achieve the following:

- a. Goal: “reduce GHG emissions from the power sector. The objective is to promote and facilitate the commercialization of the renewable energy (RE) markets through the removal of barriers to increase investments in RE based power generation project.”
- b. Outcome indicators: “Direct emissions reductions will be 205,181 tonnes of CO_{2eq} hand. 20,000 sitio-based households will have access to RE sources.
- c. Components and Expected outcomes:

Table 1: DREAMS Project has 4 components.

Components	Outcomes
i. RE Policy and Planning	enforcement of a supportive policy and regulatory environment = <u>increase in RE investments</u>
ii. Institutional strengthening for RE mainstreaming	strengthened institutional capacity= <u>increase in RE project approvals</u>
iii. Capitalized RE market development	increased number of operational RE projects = <u>increase in confidence of RE developers on viability of RE</u>
iv. RE commercialization	capitalized RE markets = <u>increase in RE based power capacity</u>

2. Context of the Required Services

A Contractor is required to:

- a. Submit an industry study that assesses the current status of the RE Manufacturing and Equipment Assembly Industry in the Philippines from 2008 to 2019. The study must include the assessment of capacities of existing RE manufacturers, analysis of the industry’s technical manpower requirements, review of current RE product standards and the status of implementation of existing enabling policies and programs for the RE Manufacturing Industry Sector.

- b. Submit a strategy paper that aligns the development of the sector vis a vis the objectives of the RE Law (RA9513) and the strategies of the National Renewable Energy Program (NREP) 2011-2030.¹

These required services relate to two components of the DREAMS Project:

- a. Component 1: RE Policy and Planning and in particular Output 1.5: Approved policy recommendations for promoting local manufacturing and assembly of quality RE systems.
- b. Component 4: RE Commercialization and in particular Output 4.4: Accredited Technicians for RE equipment assembly and supply working with local RE manufacturing entities.

3. Purpose and Relevance of the work vis a vis Project Context

As contained in the DREAMS Document, a successful local RE Manufacturing and Assembly Industry will:

- a. Catalyze the accreditation of more RE Manufacturers and Assembler
- b. Enhance the national supply chain for RE equipment and parts
- c. Prevent influx of inferior RE equipment
- d. Reduce electricity cost through the successful manufacture and supply of RE Equipment
- e. Generate jobs for certified Technicians for RE related technologies

B. SPECIFIC OBJECTIVES

This study must result to the following:

1. Report on the **Status of the Philippine RE Manufacturing and Assembly Industry covering the period 2008-2019**. The Report must, at the minimum, include:
 - a. Inventory of existing Manufacturers and Assemblers of RE Equipment and Parts (MAREEP) in the Philippines.
 - b. Capacities (financial, technical, technological, skills) of MAREEP in the Philippines vis a vis with their existing and potential markets.
 - c. Gap analysis on technical manpower requirements of the MOREEP in the Philippines.
 - d. Viability and competitiveness, including advantages, disadvantages and challenges of MAREEP in the Philippines.
 - e. Review of existing fiscal and non-fiscal incentives, e.g. new tax laws, and program related to MAREEP including review of existing accreditation process, product and quality standards required and incentives given to MAREEP.
 - f. Review of available financial mechanisms or investments that may be tapped by the Industry
 - g. Special consideration for small Off-grid RE systems where there is a high cost of transporting equipment
 - h. Financing Arrangements, e.g. consignments, lease to own, guarantees/insurance to reduce the up-front and operating cost and risks on the use of the RE equipment
 - i. Comparative data/experiences from other countries with similar situation like the Philippines.
2. **Policy Document and Strategy Paper for 2020-2040** with programs, projects, fiscal and non-fiscal incentives and industry standards to promote further the growth of the Philippine RE manufacturing. The Strategy Paper must also be aligned with the National RE Plan for 2020-2040 (upcoming document). The Policy Document may be in the form of Department Circular, Department Order or other appropriate aids to legislation as may be agreed upon with REMB.

¹ The NREP 2011-2030 is being updated.

C. SCOPE AND METHODOLOGY

The Contractor must, at the minimum, adapt the methodology described below:

Table 2: Methodology

Subject/informants	Methodology	Expected outputs
Stakeholders of the RE Manufacturing and Assembly Industry <ul style="list-style-type: none"><input type="checkbox"/> Manufacturers and Assemblers of RE equipment and parts<input type="checkbox"/> RE developers and associations of RE developers<input type="checkbox"/> Government agencies e.g. DOE, DOF, BOF, BIR, DTI, TESDA<input type="checkbox"/> Other stakeholders like financing institutions that may invest in the Industry, e.g. Rural Banks, Venture Capitalist, Cooperative Banks	Gathering of secondary data like policy issuance, industry reports, industry standards and best practices Key informant/Expert interviews Focused group discussion with relevant offices and stakeholders Stakeholders' consultations	Refer to Section B.

The Contractor is expected to directly consult with relevant key stakeholders from the Industry (Manufacturers, Assemblers, Importers of RE parts and equipment), Department of Energy, Department of Finance, Bureau of Investments, Bureau of Internal Revenue and the Department of Trade and Industry.

D. STAKEHOLDERS FOR THE PROJECT.

The project is being implemented by the Department of Energy (DOE). DOE assumes overall responsibility for the achievement of project results. The Project is co-financed with funding from the GEF. UNDP acts as the GEF Executing Agency. All components of the Project are being implemented by the Renewable Energy Management Bureau (REMB).

A Project Support Group (PSG) composed of technical staff/specialist from the other Bureaus and divisions of DOE has been formed to provide technical advice in the implementation of the activities including monitoring and evaluation. A Project Steering Committee has been established to serve as a policy and decision-making body for the project implementation.²

A Project Management Unit (PMU) is based at the DOE head office. The PMU is headed by a National Project Director (NPD) who is also the Director of the REMB. A Project Manager and support staff oversees the day to day operations of the DREAMS PMU. The PMU is located at the office of the DOE in Taguig City.

E. DURATION, EXPECTED OUTPUTS AND DELIVERABLES

Payments will be done upon satisfactory completion of the deliverables/outputs by target due dates:

² The members of the PSC are DOE, DILG, DENR, NEDA, TRANSCO, NGCP, NPC, PEMC, UNDP, and representative from the local governments of Iloilo and Palawan.

Table 3: Deliverables and Duration

Deliverables/ Outputs	Estimated Duration to Complete deliverables (calendar days)	Target Due Dates	Review and Approvals Required
<p>Inception Plan containing (a) detailed methodology, (b) institutions and informants to be interviewed or called to a Forum, (c) data sources, (d) indicative report outline and (e) detailed activity work plan.</p> <p>The inception plan will be prepared together with DREAMS PMU</p>	5	Not later than 7 working days after contract signing	National Project Director and/or recommended unit at REMB
<p>Status Report to REMB</p> <p>a) Review of the relevant provisions of the RE Law and implementation of the DOE Department Circular 2009-07-0010 (Guideline for the Accreditation of Manufacturers, Fabricators and Suppliers of Locally-Produced Renewable Energy Equipment and Components).</p> <p>b) Result of Stakeholders' Fora</p>	30	Not later than 15th December 2019	
<p>First Draft</p> <p>(a) Proposed amendments (if any) on fiscal and non-fiscal policies and/or programs and strategies to strengthen the RE Manufacturing</p> <p>(b) Assessment of RE Manufacturing Industry Study 2008-2019.</p> <p>Both outputs will be presented in a forum with REMB</p>	30	Not later than 1st February 2020	
<p>Second Draft</p>	10	Not later than 29th February	
<p>Final Report</p> <p>a) Draft Department Circular and/or Policy document on the RE Manufacturing Industry</p> <p>b) Strategy Paper for RE Manufacturing Industry for 2020-2040</p> <p>c) Status of RE Manufacturing Industry Study 2008-2019</p>	20	Not later than 30 th March 2020	
Estimated total effort level	95		

F. KEY PERFORMANCE INDICATOR AND SERVICE LEVEL

The Contractor shall submit the required reports based on the approved Inception Plan. Any changes in the schedule of deliverables shall be communicated to and approved by the NPD not less than 15 days prior to the date that the output is due. The Contractor and the PMU will, during the inception planning, agree on the response time/turn around needed to respond for each expected output.

G. GOVERNANCE AND ACCOUNTABILITY

The National Project Director (NPD) shall provide direction to the study. The implementation of the Inception Plan and the Contractor's compliance with the Contract will be coordinated by the DREAMS Project Manager. The Contractor is fully responsible to ensure compliance with the Terms and Conditions of the Contract.

H. FACILITIES TO BE PROVIDED

No additional staff, equipment or work space will be provided to the Contractor. Subject to availability, a meeting room may be provided at DOE during FGDs or meetings with DOE.

I. DURATION OF THE WORK

The work shall be undertaken in **95 days spread in five (5) months from December 2019 to April 2020.**

J. DUTY STATION

The Contractor must be based in Manila. The Consultant is not required to report at the DOE Office except during meetings, consultations or workshops.

K. PROFESSIONAL QUALIFICATIONS OF THE SUCCESSFUL CONTRACTOR AND ITS KEY PERSONNEL

1. **Qualifications:** The Contractor may be a for profit or not for profit organization. Minimum 7 years of extensive network and experience in conducting industry studies, policy studies, research and project evaluation for private companies, government agencies, multilateral agencies and international organizations. These networks are preferably those that are involved in the energy/power and manufacturing sector.
2. **Team Composition:** The Project Team requires a minimum of four (4) persons.
 - a. Project Coordinator (PC). The PC must be a permanent staff of the Contracting Firm for at least for 4 years.
Education :Graduate of Any Social Science Course
Experience: More than 5 years of cumulative experience as Team Leader, Supervisor, Administrator or Coordinator of a project with or involving government institutions and/or international development organizations
 - b. Senior Expert (Team lead)
Education: Minimum Master's Degree in Law, Finance, Economics, Business Management, Engineering
Experience: Minimum 7 years of experience in the conduct of market assessment, industry studies, policy review, preparation of investment proposals, feasibility studies preferably in the field of energy development or equipment manufacturing and assembly
Language: At least Excellent in written and spoken English

c. Junior experts (2)

Education: Minimum bachelor's degree in engineering, economics, finance, business management, social and engineering sciences;

Experience: Minimum of 5 years cumulative work in making industry studies, market research, policy review, program/project development and evaluation related to manufacturing and energy.

Language: Excellent in written and spoken English

Members of Project Team. Please attach Curriculum Vitae (*the contents are used only as samples*)

name	Position in team	Employment status with the company	Disciplinal background	# of years of relevant experience per TOR)	Level of effort (man-days of involvement)
A	Project Coordinator/Focal Person	Permanent	Any Social Science Course	5	50
B	Senior Expert	Consultant	Business Management	10	50
C	Junior Expert	Researcher	BS Electrical Engineer/Powers System Specialist	5	30
D	Junior Expert	Researcher	Economics	5	30

Only the Project Coordinator is required to be a permanent staff of the Firm as he/she will serve as focal person to ensure that the Firm is compliant with its contractual obligations with the UNDP. The other team members may either be permanent or non-permanent members of the contracting firm.

To avoid any possible conflict of interest and ensure the confidentiality of information, the Company and the Team members should NOT be involved directly as an owner, stock holder, staff or is an active consultant of a Company/Business that is engaged in the manufacturing, assembly, import/export, sales or other form of business activities that is related to the focus of the study. Misrepresentation will result to immediate termination of the agreement. The Company and its Team Members will likewise sign a Non-Disclosure Agreement under this Contract

4. Methodology

- a. The Contractor must submit a proposal that shall demonstrate the Contractor's understanding of this engagement. The Proposal and its methodology must at the minimum contain:
 - i. Framework of the Study
 - ii. Indicative Report Outline
 - iii. Key RE legislations and data sets to be gathered and reviewed
 - iv. Methods/tools for data gathering and processing
 - v. Informants/organizations/groups to be interviewed
- b. An implementation plan to deliver the outputs must include a discussion on the potential risks that may be encountered and risk management strategies to be employed to ensure that quality output is delivered based on the Terms and Conditions of the Contract. A LOG Frame or GANNT Chart is desirable for the Inception Plan.

L. PRICE AND SCHEDULE OF PAYMENTS

1. **Contract Price:** This contract is a fixed output-based price and all-inclusive³ including the cost for the Stakeholders' Forum/Consultation. The contract price shall not change. Extension to submit reports may be allowed upon determination of the NPD. A formal proposal for a No-Cost Extension shall be submitted to the NPD at least 20 days prior to the end of the Contract.

Table 7: Payment Schedule

Deliverables/ Outputs	% Payment Tranche
Submission and Acceptance of the First Draft	30
Submission and Acceptance of Second Draft	30
Submission and Acceptance of Final Report	40
Total	100

M. CRITERIA FOR EVALUATION FOR THE FIRM

Indicator	Weight	Criteria	Score
1. Bidders Qualification, capacity and experience			200
Expertise/track record of firm in any of the following fields: industry study, policy review, program evaluation, market research	100	1. Below 7 years 2. Above 7 to below 10 3. Above 10 years	50 75 100
Samples of research related projects and output	100	1. Only 1 of the sample provided is similar in topic/focus and output 2. Only 2 are similar samples, e.g. policy study, industry study, project evaluation but not on energy 3. All 3 of the samples are similar and 1 related to energy and 1 related to manufacturing industry	50 75 100

³ The term "All-inclusive" or "All-in cost" implies that all cost (professional fees, travel cost, living allowances, communications, etc.) that could possibly be incurred by the Contractor are already factored into the final amounts submitted in the proposal.

Indicator	Weight	Criteria	Score
2. Proposed Methodology, Approach and Implementation Plan			500
Methodology Offeror's approach and methodology meets/adequate to meet the requirements of the Terms of Reference. See Section K Item 4.	500	1. Proposed Study framework 2. Proposed outline to reflect understanding of the outputs stated in Section B 3. Proposed key data sets to be gathered 4. Proposed methods for data gathering and processing 5. Proposed organizations/groups to be interviewed (maximum of 100 points/category based on appropriateness of method/s to meet objectives)	<ul style="list-style-type: none"> • In-adequate = 0 • Partially adequate = 50 • Adequate = 100
3. Management Structure and Team Composition (see details below)			300
Qualification of team to be assigned	300	see Table 10a below	
Total Weight			1,000

Table 10a: Team Composition

Section 3. Management Structure and Team Composition			Points obtainable
a.	Project Coordinator (Focal Person of the Contracting Firm)		50
	Educational Background (non social science course= 10points; full score for Graduate of Social Science Course)	20	
	Experience (below 3 years = 10 points; 3- 5 years = 20 points; above 5 = 30 points)	30	
	A Zero score is assigned If the staff being assigned in a non-permanent staff; the candidate regardless of educational background and years of experience		
b	Project Team Leader (Senior Expert)		150
	- Minimum Educational Attainment MA/MS graduate (if below = 0)	10	
	- Educational disciplines: Law, Finance, Economics, Business Management, Engineering (30points for any of these Courses; for other courses= 20 points)	30	

Section 3. Management Structure and Team Composition			Points obtainable
	<ul style="list-style-type: none"> - at least 7 years of experience in the conduct of market assessment, industry studies, policy review, preparation of investment proposals, feasibility studies preferably in the field of energy development or equipment manufacturing and assembly - (below 4yrs =25; 4-6yrs=65 and 7 yrs and above = 100) - excellent in written and spoken in English 	100	
		10	
c	Junior Experts (at least 2)		100
	<ul style="list-style-type: none"> - Minimum AB/BS graduate in any of the following fields: engineering, economics, finance and business management. A combination of experts e.g. from the social and engineering sciences is recommended. - For each member - 3 years below; = 5; 4 years =15; 5years above= 20 	20	
	<ul style="list-style-type: none"> - Minimum of 5 years cumulative work in making industry studies, market research, policy review, program/project development and evaluation related to manufacturing and energy. - For each member - 3 years below; = 5; 4 years =15; 5years above= 20 	20	
	<ul style="list-style-type: none"> - Excellent in written and spoken in English (as evidenced in type of 1 publication or 1 report prepared (10 points for each) 	10	
Total Section 3			300

N. ADDITIONAL REFERENCES OR RESOURCES

1. Section 21 of Republic Act 9513 (Renewable Energy Act of 2008)
<https://www.doe.gov.ph/sites/default/files/pdf/issuances/20081216-ra-09513-gma.pdf>
2. DOE Department Circular 2009-07-0010 (Guideline for the Accreditation of Manufacturers, Fabricators and Suppliers of Locally-Produced Renewable Energy Equipment and Components)
https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc_2009-07-0010.pdf
3. MOA between DOE and DOF on RE incentives (Annex A).
4. Visit also <https://www.doe.gov.ph/> for data and information on Renewable Energy Laws and Guidelines the National Renewable Energy Program (2011-2030).
5. Relevant Portions of the DREAMS Project Document (Annex B)